

Integrated Waste Management Fund

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T*o provide solid waste disposal and recycling services, collection of fees for those services, and City efforts to encourage reduction, reuse, and recycling of solid waste. Services provided through this fund are:*

- *Garbage collection, recycling services, public outreach, and administration;*
- *Management of the city-wide disposal contract (IDC);*
- *Customer billing and customer service;*
- *Household Hazardous Waste services;*
- *Environmental planning and policy development;*
- *Residential street sweeping;*
- *Environmental facility management*

Integrated Waste Management Fund

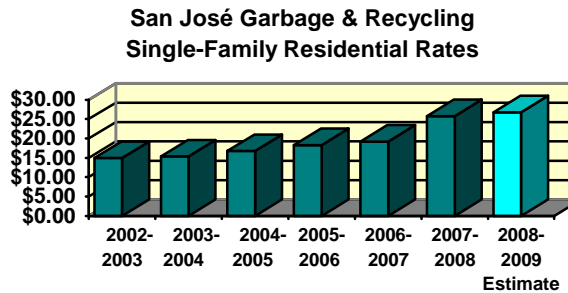
Budget Summary

	2007-2008 Adopted	2008-2009 Adopted	Change
Garbage and Recycling Services, Public Outreach, and Administrative Services	\$ 91,189,222	\$ 103,638,482	13.7%
Accounting and Lien Collection	\$ 1,587,171	\$ 1,615,609	1.8%
City-Wide Disposal Contract Mgmt.	\$ 8,980,635	\$ 7,500,000	(16.5%)

Budget Highlights 2008-2009

- In 2008-2009, the main activities of this fund will include: providing for garbage and recycling services; continuing stabilization of the Integrated Billing System in collaboration with the Environmental Services, Finance and Information Technology Departments; and providing staffing resources for the Integrated Waste Management Division.
- A continuing goal for this fund in 2008-2009 is to maintain the Recycle Plus single-family and multi-family garbage and recycling programs as close to cost recovery as possible. In order to accomplish this, a rate increase of 4.5% for single family and a rate increase of 8% for multi-family were approved.

Budget Byte



**San José Garbage & Recycling
Single-Family Residential Rates**

	2002- 2003	2003- 2004	2004- 2005	2005- 2006	2006- 2007	2007- 2008	2008- 2009
Rate	<u>Actual</u> \$15.40	<u>Actual</u> \$16.80	<u>Actual</u> \$18.30	<u>Actual</u> \$19.20	<u>Actual</u> \$20.15	<u>Actual</u> \$25.80	<u>Est.*</u> \$26.95

* Effective July 1, 2008

Integrated Waste Management Fund

Fund Overview

The Integrated Waste Management (IWM) Fund supports residential, commercial and civic solid waste activities, including various contracts for collection, processing and disposal. The residential division manages contracts for Recycle Plus garbage, recycling, yard trimmings, and street sweeping services for single-family dwelling (SFD) and multi-family dwelling (MFD) properties. In order to ensure adequate funding for these contracts, a 4.5% increase for SFD, primarily due to fuel cost increases, and an 8% increase for MFD properties was adopted. The rate increases include general increases to Recycle Plus rates to cover contractually-required cost of living adjustments, as well as program improvements, and general increases to Recycle Plus delinquency charges.

An SFD increase of 4.5% will amount to an additional \$1.15 per month for the standard 32-gallon garbage cart, and will increase the rate from \$25.80 to \$26.95. The estimated countywide weighted average for a 32-gallon garbage cart for 2008 (April 2008 survey) was \$24.65 per month. An 8% increase in MFD rates will increase the rate for a 3-cubic yard bin serviced once per week (one of the most common multi-family service levels) to \$177.79. A survey conducted by staff in November 2007 demonstrated that San José will still rank in the lowest 25% of 26 Bay Area cities with the rate increase.

The City's Construction and Demolition Diversion Deposit (CDDD) recycling program continues to divert the single largest component of the City's waste stream. One challenge encountered by the program in 2007-2008 was that many depositors had not requested refunds of their deposits, resulting in a balance of approximately \$13 million in the CDDD Liability Account. ESD and Development Services implemented automated notification in 2007-2008 to remind customers

of their deposits on record and are issuing deposit refunds to those who respond within 12 months of the building permit no longer being active. The remaining unclaimed deposits are being transferred to cover CDDD program costs in the Integrated Waste Management Fund.

Several actions were approved in the 2008-2009 Adopted Budget to enhance program efficiencies and service levels. Approved additions in the Environmental Services Department include new amendments to the GreenTeam collection service contracts to sort all City facilities and multi-family dwelling recyclables from solid waste and compost the residue, and two Environmental Services Specialists and associated non-personal/equipment costs to support the Construction and Demolition recycling program. In addition, funding was approved for one Environmental Services Specialist and one Supervising Environmental Services Specialist and associated non-personal/equipment costs to coordinate and implement an organics resource recovery program City-wide, to initiate an organics diversion programs at schools, City facilities, and key venues, and explore biomass energy options.

Increased contractual services funding was approved for: continued development of the household hazardous waste drop-off facility located at Las Plumas; expansion of the MFD compostables pilot program; recertification of CDDD facilities; additional Neighborhood Cleanup bins; and process improvements to the Integrated Billing System. Also included in the Environmental Services Department's approved adjustments are a shift of the costs of public litter containers and non-profit recyclers contractual expenses from the General Fund to the Integrated Waste Management Fund, and a reduction in the General Fund City-Wide

Integrated Waste Management Fund

Fund Overview (Cont'd.)

International Disposal Corporation appropriation to better align service with appropriate funding sources.

Funding was approved in the Information Technology (IT) Department to provide staffing support to the Integrated Billing System by extending two Senior Office Specialists in the Customer Contact Center for one year through June 30, 2009 (\$121,224). Expenditure reductions included the elimination of a vacant Senior Analyst position (\$66,017) and a reduction of telecommunication expenditures in the IT Department (\$15,538). In the Parks, Recreation, and Neighborhood Services Department, a funding shift for a portion of

the Anti-Litter program to the Integrated Waste Management Fund (\$61,335) was approved. The Department of Transportation received additional funding for street sweeping signage installation (\$67,183) and the Planning, Building, and Code Enforcement Department received personal services funding for the Green Building program (\$16,838) in this Adopted Budget.

A rebudget (\$1.8 million) for the Household Hazardous Waste Las Plumas Facility was approved and displayed in the Municipal Improvements Capital Program to improve tracking for this capital project.

Fund Summary

	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Adopted 3	% Change (2 to 3)
Dollars by Sources				
Beginning Fund Balance	\$ 13,420,030	\$ 15,898,638	\$ 20,354,011	28.0%
Operating Revenues	86,969,174	100,388,566	109,301,881	8.9%
Interest and Other Revenues	1,294,982	893,907	820,303	(8.2%)
Total	\$ 101,684,186	\$ 117,181,111	\$ 130,476,195	11.3%
Dollars by Uses				
Garbage and Recycling Services, Public Outreach, and Administrative Services	\$ 75,379,611	\$ 91,189,222	\$ 103,638,482	13.7%
Accounting and Lien Collection	1,711,282	1,587,171	1,615,609	1.8%
City-Wide Disposal Contract Management	8,698,536	8,980,635	7,500,000	(16.5%)
Ending Fund Balance	15,894,757	15,424,083	17,722,104	14.9%
Total	\$ 101,684,186	\$ 117,181,111	\$ 130,476,195	11.3%

Integrated Waste Management Fund

Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

Budget Category Overview

This category provides overall direction to ensure achievement of City objectives related to the reduction of solid waste and waste management. The Garbage and Recycling Services unit oversees and manages the garbage and recyclables collection contracts for San José residents and franchises for businesses. This unit also designs, evaluates, and implements programs to reduce waste generated by the City; provides policy and technical analysis; promotes programs for market development; and ensures compliance with environmental laws and permits. The Public Outreach Services unit designs,

implements, and evaluates major public education outreach and marketing initiatives in support of recycling, composting, and waste reduction objectives. Administrative Services includes support services provided by various City departments, overhead to the General Fund, as well as Workers' Compensation Claims costs.

Recycle Plus contract costs will increase by 10% in 2008-2009 due to contractually-required cost of living adjustments as well as program improvements.

Budget Category Summary

Garbage and Recycling Services, Public Outreach, and Administrative Services	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Adopted 3	% Change (2 to 3)
Garbage and Recycling Services	\$ 70,667,750	\$ 82,914,336	\$ 95,862,719	15.6%
Public Outreach	516,042	577,788	577,788	0.0%
Administrative Services	4,195,819	7,697,098	7,197,975	(6.5%)
Total	\$ 75,379,611	\$ 91,189,222	\$ 103,638,482	13.7%

Integrated Waste Management Fund

Budget Category: Garbage and Recycling Services, Public Outreach, and Administrative Services

Budget Category Summary (Cont'd.)

The following changes were approved for 2008-2009 in the Garbage and Recycling Services, Public Outreach, and Administrative Services allocations:

Adopted Allocation	2007-2008 Adopted	Change	2008-2009 Adopted
Garbage and Recycling Services	\$ 82,914,336	\$ 12,948,383	\$ 95,862,719

The changes in the 2008-2009 Adopted Budget for this category are due to base adjustments to garbage and recycling contracts (\$4,093,000); ongoing costs to expand the Multi-Family Dwelling (MFD) Compostables program city-wide (\$3,000,000); additional costs to the yard waste hauler contract due to the street sweeping sign program (\$30,000); and other Department base adjustments (\$801,403). The following additions were approved for the Environmental Services Department: funding for Construction and Demolition Recycling Program (\$1,094,520); Integrated Billing System Process Improvements (\$450,000); "Zero Waste" – Organic Materials Recovery (\$411,448); rebudget (\$1,795,487) and additional funding (\$290,781) for the Household Hazardous Waste Las Plumas Facility. The increase also reflects the recommendation to shift the public litter cans contract (\$400,000) and support for non-profit recyclers (\$506,556) from the General Fund to this fund. In addition, ongoing funding was added for the Park Recreation and Neighborhood Services Department Anti-Litter program (\$61,335), for the Street Sweeping Signage program in the Department of Transportation (\$67,183), and for labor costs in the Municipal Environmental Compliance (MEC) Program (\$10,900). These increases are partially offset by a reduction of one-time costs in the Street Sweeping Signage program (\$48,692) and one-time savings in telecommunications expenditures (\$15,538).

Public Outreach	577,788	0	577,788
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There are no changes in Public Outreach for the 2008-2009 Adopted Budget.

Administrative Services	7,697,098	(499,123)	7,197,975
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The change in Administrative Services reflects decreases in overhead (\$318,273); Information Technology Department personal services (\$359,012); commercial paper payback (\$36,253); Planning, Building, and Code Enforcement Department (\$8,038) and Human Resources Department personal services costs (\$830). These decreases are partially offset by increases for Finance Department delinquent line releases (\$97,000), City Hall debt service costs (\$86,150), workers compensation claims (\$6,187), GASB 43/45 post-employment health benefit costs (\$5,061) the City Manager's Office personal services costs (\$194), and other miscellaneous adjustments (\$28,691).

Total Garbage and Recycling Services, Public Outreach, and Administrative Services	\$ 91,189,222	\$ 12,449,260	\$ 103,638,482
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Integrated Waste Management Fund

Budget Category: Accounting and Lien Collection

Budget Category Overview

This category provides accounting and delinquency collection services for the residential Recycle Plus program, including the Garbage Lien unit. Program staff reconciles revenues, expenditures, and accounts receivable.

Budget Category Summary

Accounting and Lien Collection	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Adopted 3	% Change (2 to 3)
Accounting and Lien Collection	\$ 1,711,282	\$ 1,587,171	\$ 1,615,609	1.8%
Total	\$ 1,711,282	\$ 1,587,171	\$ 1,615,609	1.8%

The following changes were approved in 2008-2009 for the Accounting and Lien Collection allocation:

Adopted Allocation	2007-2008 Adopted	Change	2008-2009 Adopted
Accounting and Lien Collection	\$ 1,587,171	\$ 28,438	\$ 1,615,609

The change in Accounting and Lien Collection reflects personal services changes in the Finance Department.

Total Accounting and Lien Collection	\$ 1,587,171	\$ 28,438	\$ 1,615,609
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Integrated Waste Management Fund

Budget Category: City-Wide Disposal Contract Management

Budget Category Overview

This category manages the City-Wide Disposal Agreement and pays the costs of the disposal of residential waste delivered to the Newby Island Landfill.

Budget Category Summary

City-Wide Disposal Contract Management	2006-2007 Actual 1	2007-2008 Adopted 2	2008-2009 Adopted 3	% Change (2 to 3)
City-Wide Disposal Contract Management	\$ 8,698,536	\$ 8,980,635	\$ 7,500,000	(16.5%)
Total	\$ 8,698,536	\$ 8,980,635	\$ 7,500,000	(16.5%)

San José entered into a 30-year agreement with IDC (International Disposal Corporation of California, Inc.) in 1985 for City waste disposal services. The City successfully renegotiated changes to the agreement in 1995 in order to maximize the value of the agreement while minimizing the cost and risk to the City. The term was extended through 2020, with additional years if the site is still open. The residential disposal costs paid for from the IWM Fund are to dispose of the waste that is collected by the City's Recycle Plus contractors from single-family dwellings and multi-family dwellings. Disposal of waste generated at City facilities or by City programs, is paid from the General Fund at a lower rate.

The City's payments for residential waste delivered to the Newby Island Landfill consist of the following: an annually adjusted base rate for actual amounts of residential waste delivered to the landfill; fees and taxes that IDC must pay back to the City; State and County surcharges; and regulatory rate payments for costs resulting from changes to laws and regulations made after June 6, 1985. The City and IDC also agreed to provide for an additional extension of this agreement should the life of the landfill extend beyond December 31, 2020.

Integrated Waste Management Fund

Budget Category: City-Wide Disposal Contract Management

Budget Category Overview (Cont'd.)

The following changes were approved in 2008-2009 for the City-Wide Disposal Contract Management allocation:

Adopted Allocation	2007-2008 Adopted	Change	2008-2009 Adopted
City-Wide Disposal Contract Management	\$ 8,980,635	\$ (1,480,635)	\$ 7,500,000

This decrease is a result of a funding shift from the City-Wide Disposal Contract to the Multi-family Dwelling (MFD) Diversion program, which is reducing the number of tons going to Newby Island Landfill (\$1,500,000). The decrease is partially offset by a small increase in the estimated quantity of residential solid waste requiring disposal.

Total City-Wide Disposal Contract Management	\$ 8,980,635	\$ (1,480,635)	\$ 7,500,000
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